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CHALLENGES IN EVALUATING EFFECTIVENESS OF AML SYSTEMS IN THE CARIBBEAN REGION

CFATF



GAFIC

**XLII MEETING OF THE GROUP OF
EXPERTS FOR THE CONTROL OF MONEY
LAUNDERING SUB-WORKING GROUPS
MAY 26-27, 2016 WASHINGTON D.C., USA**

**CHALLENGES IN EVALUATING EFFECTIVENESS OF AML
SYSTEMS IN THE CARIBBEAN REGION**

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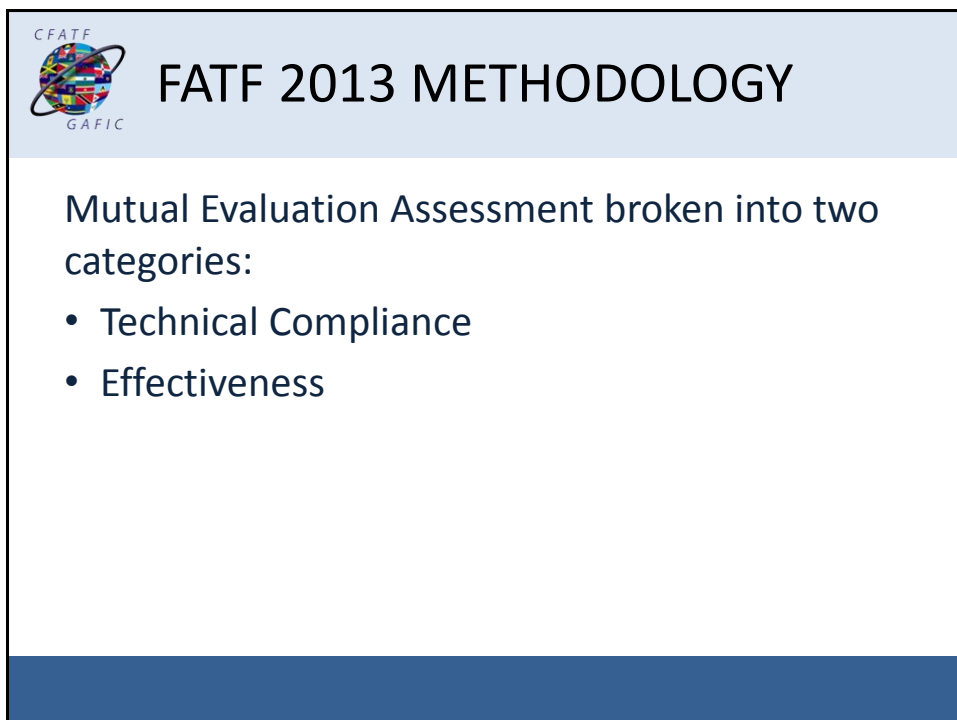
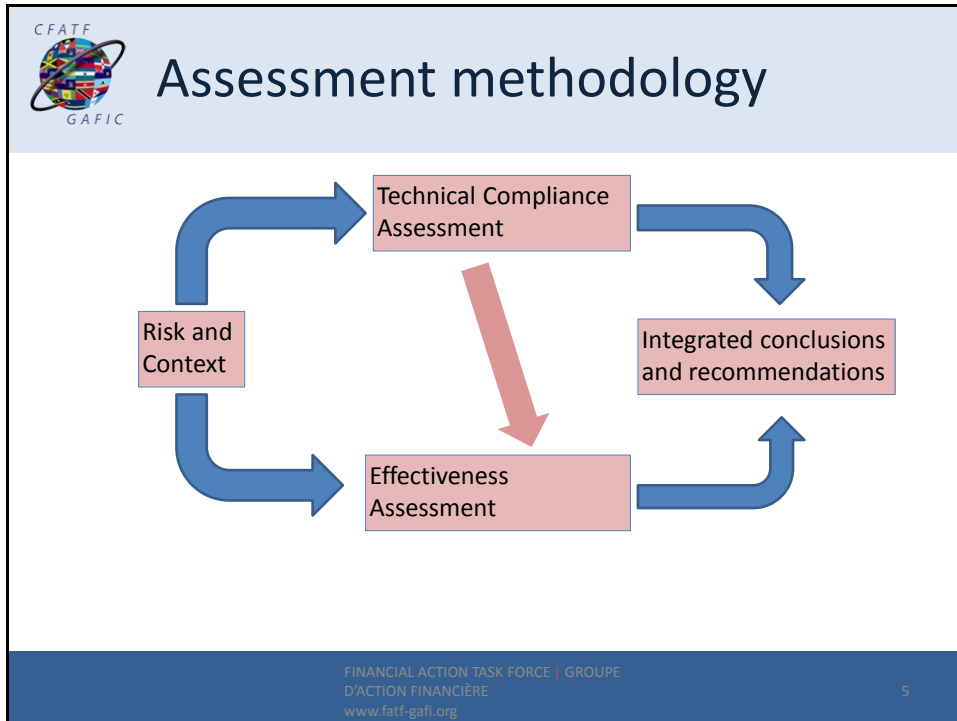
Topics to be discussed:

- The FATF 2013 Methodology
- Effectiveness Challenges.
- IO.2 and IO.8 Challenges
- Conclusion.



The FATF 2013 Methodology

- The Methodology was approved by the FATF in February 2013.
- Provides the criteria used for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems.





Effectiveness

Assessors Focus on:

- The extent to which the defined Outcomes are being achieved.
- What can be done to improve effectiveness.
- The characteristics of an effective system.
- The Core Issues to be considered in determining whether the Outcome is achieved.



Effectiveness Challenges- Methodology Implementation

- Lack of national risk assessments (NRAs).
- Improper application or understanding of the RBA.
- Lack of/or inaccurate statistical data.
- Weighting of each core issue based on the contextual factors in the jurisdiction.
- Use of qualitative vs. quantitative data.
- Determining the ratings on effectiveness





Effectiveness Challenges – Methodology Implementation

- Subjectivity of the information submitted.
- Subjectivity of the conclusions.
- Maintaining link with TC in assessing the level of effectiveness.
- Limited information on requests for International Cooperation interactions.
- Resources.



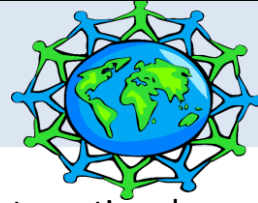
IO.2 – Characteristics of an Effective System



- The country provides constructive and timely information or assistance when requested by other countries.
- Competent authorities assist with requests to: locate and extradite criminals; and identify and freeze, seize, confiscate and share assets etc.
- Competent authorities also seek international cooperation to pursue criminals and their assets.



10.2 Challenges



- Pre-onsite request for information on international cooperation and risk.
- Data collection – requesting; requested; time frame; feedback; follow-up; methodology.
- Exchange of information related to beneficial ownership of legal persons and legal arrangements.
- Spontaneous exchange of information. Exchange of information with supervisory authorities.



10.8 - Characteristics of an Effective System

- Criminals are deprived (through timely use of provisional and confiscation measures) of the proceeds and instrumentalities of their crimes (both domestic and foreign) or property of equivalent value.
- Confiscation includes proceeds recovered through criminal, civil or administrative processes; confiscation arising from false cross-border disclosures or declarations and restitution to victims (through court proceedings).
- The country manages seized or confiscated assets and repatriates or shares confiscated assets with other countries.





10.8 Challenges

- Lack of proper statistics.
- Difficulty in analyzing the statistics presented.
- Information on cross-border confiscations.



Conclusions



Should get easier to assess effectiveness going forward:

- Completion and implementation of NRAs.
- Increase in resources – technical expertise.
- More training of regulators and stakeholders on what the elements of an effective system entails and the measures that should be taken to achieve this in each jurisdiction.
- Countries put measures in place to properly show the level of implementation e.g. qualitative and quantitative data.
- More evaluation experiences throughout the global network.
- Increase in assessors' and Secretariat experience.



**THANK
YOU!**

For additional information:

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